

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Angela Pilar Maramag

Contact Person

(632) 8246-5902

Company Telephone Number

0	9	3	0
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Month Day
Fiscal Year

1	7	-	Q	
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FORM TYPE

0	4	2	2
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Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

12,158

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

**STANDARD DOCUMENT COVER SHEET
FOR SEC FILINGS**

All documents should be submitted under a cover page which clearly identifies the company and the specific document form as follows:

SEC Number PW-121

File Number

**BANK OF THE PHILIPPINE ISLANDS
AYALA NORTH EXCHANGE TOWER 1, AYALA AVE. CORNER SALCEDO ST.,
LEGASPI VILLAGE, MAKATI CITY, METRO MANILA
(632) 8246-5902**

FISCAL YEAR ENDING DECEMBER 31

(indicate if anything above is new and the date it was changed)

**SEC FORM 17-Q QUARTERLY REPORT
AMENDMENT DESIGNATION (if applicable)**

PERIOD-ENDED SEPTEMBER 30, 2021

(if a report, financial statement, GIS, or related amendment or show-cause filing)

NONE

EACH ACTIVE SECONDARY LICENSE TYPE AND FILE NUMBER

(state "NONE" if that is the case)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **SEPTEMBER 30, 2021**
2. Commission identification number **PW-121**
3. BIR Tax Identification No. - **TIN: 000-438-366-000**
4. **BANK OF THE PHILIPPINE ISLANDS**
Exact name of registrant as specified in its chart
5. **Manila, Philippines**
Province, country or other jurisdiction of incorporation
6. Industry Classification Code: (SEC Use Only)
7. **AYALA NORTH EXCHANGE TOWER 1**
Ayala Avenue corner Salcedo St., Legaspi Village
Makati City (current business address) **ZIP Code 1229**
Address of principal office Postal Code
8. **(632) 8246-5902**
Registrant's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code

Title of each class	Number of shares of common stock outstanding and amount of debt outstanding
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Common	4,513,128,255
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11. Are any or all of the securities listed on the Philippine Stock Exchange? Yes [x] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange	Common
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12. Indicate by check mark whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports) Yes No

(b) Has been subject to such filing requirements for the last 90 days Yes No

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF CONDITION
SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
(in Thousands of Pesos)

	UNAUDITED	AUDITED
	SEPTEMBER 30, 2021	DECEMBER 31, 2020
<u>RESOURCES</u>		
Cash and Other Cash Items	28,549,039	37,176,298
Due from Bangko Sentral ng Pilipinas	257,305,013	223,989,160
Due from Other Banks	55,380,680	40,156,438
Interbank Loans Receivable and Securities		
Purchased under Agreements to Resell	39,724,903	30,250,580
Financial Assets at Fair Value through Profit or Loss	51,297,591	37,210,762
Financial Assets at Fair Value through OCI	127,056,129	130,185,500
Financial Assets at Amortized Cost	230,230,597	244,652,618
Loans and Advances, net	1,387,194,143	1,407,412,561
Assets Held for Sale, net	3,153,989	2,970,584
Bank Premises, Furniture, Fixtures and Equipment, net	16,994,854	18,831,970
Investments in Subsidiaries and Associates, net	6,733,423	7,510,333
Assets Attributable to Insurance Operations	18,005,099	18,725,656
Deferred Income Tax Assets, net	15,926,948	17,524,519
Other Resources, net	22,834,305	16,846,510
TOTAL RESOURCES	2,260,386,713	2,233,443,489
<u>LIABILITIES AND CAPITAL FUNDS</u>		
Deposit Liabilities		
Demand	354,226,253	314,852,798
Savings	1,085,997,508	1,051,068,661
Time	356,742,582	350,255,537
Sub-total	1,796,966,342	1,716,176,997
Derivative Financial Liabilities	4,383,439	5,656,516
Other Borrowed Funds	93,739,760	151,946,749
Due to Bangko Sentral ng Pilipinas and Other Banks	1,318,921	1,491,204
Manager's Checks and Demand Drafts Outstanding	7,076,932	7,107,705
Accrued Taxes, Interest and Other Expenses	7,766,028	8,902,289
Liabilities Attributable to Insurance Operations	13,111,606	14,346,640
Deferred Credits and Other Liabilities	42,149,439	45,858,849
TOTAL LIABILITIES	1,966,512,467	1,951,486,949
CAPITAL FUNDS ATTRIBUTABLE TO THE EQUITY HOLDERS OF BPI		
Share Capital	45,131,283	45,045,403
Share Premium	74,870,021	74,764,236
Reserves	533,459	415,532
Surplus	178,837,711	165,508,813
Accumulated Other Comprehensive Income/ (Loss)	(7,565,729)	(5,899,181)
	291,806,745	279,834,802
NON-CONTROLLING INTERESTS	2,067,501	2,121,738
TOTAL CAPITAL FUNDS	293,874,246	281,956,540
TOTAL LIABILITIES AND CAPITAL FUNDS	2,260,386,713	2,233,443,489

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended September 30, 2021 and 2020
(In Thousands of Pesos)

	2021	2020
INTEREST INCOME		
On loans and advances	18,236,447	20,303,098
On FA at amortized cost	1,737,414	1,758,734
On FA at FV through OCI	575,823	955,338
On deposits with BSP and other banks	473,134	602,035
On FA at FV through profit or loss	106,662	54,492
	21,129,481	23,673,696
INTEREST EXPENSE		
On Deposits	2,527,548	4,435,402
On Bills Payable and other borrowings	1,300,273	1,270,514
	3,827,821	5,705,916
NET INTEREST INCOME	17,301,659	17,967,780
IMPAIRMENT LOSSES	3,750,000	5,809,504
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	13,551,659	12,158,276
OTHER INCOME		
Fees and commissions	2,730,765	2,091,364
Income from foreign exchange trading	647,735	575,272
Trading gain (loss) on securities	155,304	1,161,216
Income attributable to insurance operations	400,831	477,971
Other operating income	2,269,084	2,351,451
	6,203,718	6,657,275
OTHER EXPENSES		
Compensation and fringe benefits	4,668,305	4,379,716
Occupancy and equipment-related expenses	4,015,825	3,771,428
Other operating expenses	3,708,602	3,711,402
	12,392,732	11,862,546
INCOME BEFORE INCOME TAX	7,362,645	6,953,005
PROVISION FOR INCOME TAX		
Current	1,989,977	2,912,802
Deferred	(347,417)	(1,565,930)
	1,642,560	1,346,872
NET INCOME FOR THE QUARTER	5,720,085	5,606,133
Attributable to:		
Equity holders of BPI	5,657,786	5,495,083
Non-controlling interest	62,299	111,050
	5,720,085	5,606,133

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Quarter Ended September 30, 2021 and 2020
(In Thousands of Pesos)

	<u>2021</u>	<u>2020</u>
NET INCOME BEFORE MINORITY INTEREST	5,720,085	5,606,133
Other Comprehensive Income:		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	(91,936)	(566,224)
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(52,467)	(83,962)
Share in other comprehensive income of associates	(176,591)	(127,572)
Currency translation differences	327,156	(52,788)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	495	5,112
Share in other comprehensive income gain (loss) of associates	207,057	(202,683)
Total Other Comprehensive Income (Loss), net of tax effect	213,715	(1,028,117)
Total Comprehensive Income for the Year	5,933,800	4,578,016
Attributable to:		
Equity holders of BPI	5,885,219	4,501,870
Non-Controlling Interest	48,582	76,146
	5,933,800	4,578,016

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF INCOME
For the Nine Months Ended September 30, 2021 and 2020
(In Thousands of Pesos)

	Unaudited 2021	Unaudited 2020
INTEREST INCOME		
On loans and advances	53,835,780	63,271,101
On FA at amortized cost	5,411,039	6,386,960
On FA at FV through OCI	1,856,352	2,418,328
On deposits with BSP and other banks	1,262,326	1,455,831
On FA at FV through profit or loss	237,740	216,039
	62,603,238	73,748,260
INTEREST EXPENSE		
On Deposits	7,493,505	15,832,796
On Bills Payable and other borrowings	3,941,546	3,699,301
	11,435,052	19,532,097
NET INTEREST INCOME	51,168,187	54,216,163
IMPAIRMENT LOSSES	10,251,489	20,472,492
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	40,916,698	33,743,670
OTHER INCOME		
Fees and commissions	8,447,765	6,151,258
Income from foreign exchange trading	1,564,951	1,658,976
Trading gain (loss) on securities	1,756,355	6,802,847
Income attributable to insurance operations	1,298,686	1,198,505
Other operating income	7,386,476	6,179,714
	20,454,233	21,991,300
OTHER EXPENSES		
Compensation and fringe benefits	13,784,720	13,572,450
Occupancy and equipment-related expenses	11,522,350	10,463,428
Other operating expenses	11,182,367	11,210,325
	36,489,436	35,246,202
INCOME BEFORE INCOME TAX	24,881,494	20,488,768
PROVISION FOR INCOME TAX		
Current	5,880,739	8,501,291
Deferred	1,357,396	(5,392,682)
	7,238,135	3,108,609
NET INCOME FOR THE PERIOD	17,643,359	17,380,159
Attributable to:		
Equity holders of BPI	17,474,871	17,171,742
Non-controlling interest	168,489	208,417
	17,643,359	17,380,159
Earnings per share:		
Based on 4,513,128,255 shares as of September 30, 2021 and 4,513,100,378 shares in 2020	P 3.87	P 3.80

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Nine Months Ended September 30, 2021 and 2020
(In Thousands of Pesos)

	<u>Unaudited 2021</u>	<u>Unaudited 2020</u>
NET INCOME BEFORE MINORITY INTEREST	17,643,359	17,380,159
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value reserve on FVOCI securities, net of tax effect	(1,387,579)	1,236,733
Fair value reserve on investments of insurance subsidiaries, net of tax effect	(122,035)	195,629
Share in other comprehensive income of associates	(650,324)	416,939
Currency translation differences	593,522	(330,242)
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plan, net of tax effect	(422,721)	394
Share in other comprehensive income gain (loss) of associates	284,500	(1,034,528)
Total Other Comprehensive Income (Loss), net of tax effect	(1,704,637)	484,923
Total Comprehensive Income for the Year	15,938,723	17,865,082
Attributable to:		
Equity holders of BPI	15,808,323	17,590,054
Non-Controlling Interest	130,399	275,028
	15,938,723	17,865,082

BANK OF THE PHILIPPINE ISLANDS
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE PERIOD ENDED SEPTEMBER 30, 2021 & SEPTEMBER 30, 2020
(In Thousands of Pesos)

	Consolidated							
	Attributable to equity holders of BPI					Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)			
Balance, December 31, 2020	45,045,403	74,764,236	415,532	165,508,813	(5,899,181)	279,834,802	2,121,738	281,956,540
Comprehensive Income								
Net Income for the year				17,474,871		17,474,871	168,489	17,643,359
Other Comprehensive Income for the year					(1,666,548)	(1,666,548)	(38,089)	(1,704,637)
Total Comprehensive Income for the year	-	-	-	17,474,871	(1,666,548)	15,808,323	130,399	15,938,723
Transactions with owners								
Executive Stock Plan amortization	85,879	105,785	33,755	-	-	225,420	-	225,420
Cash Dividends	-	-	-	(4,061,793)	-	(4,061,793)	(184,636)	(4,246,429)
Total transactions with owners	85,879	105,785	33,755	(4,061,793)	-	(3,836,373)	(184,636)	(4,021,009)
Other movements								
Transfer from Reserve to Surplus	-	-	84,172	-	-	84,172	-	84,172
Transfer from Surplus to Reserves	-	-	-	(84,172)	-	(84,172)	-	(84,172)
Others	-	-	-	(7)	-	(7)	(2)	(9)
Total other movements	-	-	84,172	(84,180)	-	(7)	(2)	(9)
Balance, SEPTEMBER 30, 2021	45,131,283	74,870,021	533,459	178,837,711	(7,565,729)	291,806,745	2,067,499	293,874,244

	Consolidated							
	Attributable to equity holders of BPI					Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Reserves	Surplus	Accumulated Other Comprehensive Income (Loss)			
Balance, December 31, 2019	44,999,079	74,449,140	5,107,288	147,460,021	(2,439,160)	269,576,368	3,457,171	273,033,538
Comprehensive Income								
Net Income for the year				17,171,742		17,171,742	129,075	17,300,816
Other Comprehensive Income for the year					418,312	418,312	67,240	485,553
Total Comprehensive Income for the year	-	-	-	17,171,742	418,312	17,590,054	196,315	17,786,369
Transactions with owners								
Proceeds from the stock rights offering	-	-	-	-	-	-	-	-
Executive Stock Plan amortization	33,800	229,560	36,159	-	-	299,519	-	299,519
Cash Dividends	-	-	-	(4,061,790)	-	(4,061,790)	-	(4,061,790)
Total Transactions with owners	33,800	229,560	36,159	(4,061,790)	-	(3,762,271)	-	(3,762,271)
Other movements								
Others	-	-	-	24,623	9,446	34,069	(159)	33,909
Total other movements	-	-	-	24,623	9,446	34,069	(159)	33,909
Balance, SEPTEMBER 30, 2020	45,032,879	74,678,699	5,143,448	160,594,595	(2,011,402)	283,438,220	3,653,326	287,091,546

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020
(In Millions of Pesos)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	7,363	6,953
Discontinued Operations	-	(114)
Adjustments for:		
Impairment losses	3,750	5,810
Depreciation and amortization	1,477	1,492
Share in net income of associates	(282)	(133)
Dividend and other Income	15	(31)
Share based compensation	12	13
Interest income	(21,129)	(23,674)
Interest received	21,344	26,527
Interest expense	3,902	5,706
Interest paid	(4,537)	(6,573)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	(60)	144
Financial Assets at FVTPL	9,673	(4,962)
Loans and advances, net	(30,269)	42,113
Assets held for sale	(72)	168
Assets attributable to Insurance operations	(978)	112
Other assets	(8,043)	2,861
Increase (decrease) in:		
Deposit liabilities	112,559	(77,877)
Due to Bangko Sentral ng Pilipinas and other banks	(21)	31
Manager's checks demand drafts outstanding	294	(216)
Accrued taxes, interest and other expenses	481	(53)
Liabilities attributable to insurance operations	(71)	(365)
Derivative financial instruments	612	275
Deferred credits and other liabilities	1,012	(2,147)
Net cash from (used in) operations	97,030	(23,940)
Income taxes paid	(2,456)	(2,565)
Net cash from (used in) operating activities	94,574	(26,505)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	5,992	(47,359)
Bank, premises, furniture, fixtures and equipment	(989)	(847)
Investment properties, net	1	0
Investment in subsidiaries and associates, net	599	838
Assets attributable to insurance operations	(295)	37
Dividends received	(15)	31
Net cash used in investing activities	5,293	(47,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	-	-
Proceeds from issuance	62	87
(Decrease) Increase in bills payable and other borrowed funds	(37,637)	19,021
Payments for principal portion of lease liabilities	(374)	-
Net cash used in financing activities	(37,949)	19,108
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,918	(54,697)
CASH AND CASH EQUIVALENTS		
July 1	319,327	376,271
September 30	381,245	321,574

BANK OF THE PHILIPPINE ISLANDS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020
(In Millions of Pesos)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Income before income tax	24,881	20,489
Discontinued Operations	-	(157)
Adjustments for:		
Impairment losses	10,251	20,472
Depreciation and amortization	4,522	4,413
Share in net income of associates	(745)	(478)
Dividend and other Income	(4)	(37)
Share based compensation	34	36
Interest income	(62,603)	(73,748)
Interest received	64,752	77,584
Interest expense	11,666	19,532
Interest paid	(12,212)	(20,863)
(Increase) decrease in:		
Interbank loans receivable and securities purchased under agreements to resell	1,396	1,078
Financial Assets at FVTPL	(13,799)	(6,705)
Loans and advances, net	9,053	79,559
Assets held for sale	(280)	207
Assets attributable to Insurance operations	1,130	523
Other assets	(6,900)	(4,832)
Increase (decrease) in:		
Deposit liabilities	80,789	(10,350)
Due to Bangko Sentral ng Pilipinas and other banks	(186)	(1,128)
Manager's checks demand drafts outstanding	(31)	(2,353)
Accrued taxes, interest and other expenses	2,192	103
Liabilities attributable to insurance operations	(1,420)	(783)
Derivative financial instruments	(1,273)	199
Deferred credits and other liabilities	(3,038)	(10,154)
Net cash from (used in) operations	108,176	92,607
Income taxes paid	(8,423)	(8,068)
Net cash from (used in) operating activities	99,753	84,539
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in:		
Investment Securities, net	15,501	(50,634)
Bank, premises, furniture, fixtures and equipment	(2,564)	1,348
Investment properties, net	3	(2)
Investment in subsidiaries and associates, net	1,522	(2,332)
Assets attributable to insurance operations	(257)	(174)
Dividends received	4	37
Net cash used in investing activities	14,210	(51,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(4,062)	(4,062)
Proceeds from issuance	192	263
(Decrease) Increase in bills payable and other borrowed funds	(58,207)	(6,478)
Payments for principal portion of lease liabilities	(1,228)	-
Net cash used in financing activities	(63,305)	(10,277)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,658	22,505
CASH AND CASH EQUIVALENTS		
January 1	330,588	299,068
September 30	381,245	321,574

BANK OF THE PHILIPPINE ISLANDS
Financial Indicators
As at September 30, 2021 and 2020

Ratio	Formula	Current Year	Prior Year
		in percentage	
Liquidity ratio	Total current assets divided by total current liabilities	52.5	53.7
Debt-to-equity ratio	Total liabilities (Bills payable and Bonds payable) divided by total equity	32.1	50.9
Asset-to-equity ratio	Total assets divided by total equity	774.6	772.0
Interest rate coverage ratio	Earning before interest expense, income taxes, depreciation, and amortization	357.1	227.5
Return on equity	Net income divided by average equity	8.3	8.3
Return on assets	Net income divided by average assets	1.1	1.1
Net interest margin (NIM)	Net interest income (return on investment less interest expense) divided by average net interest bearing assets	3.3	3.5
Average assets to average equity	Average assets divided by average equity	771.5	790.8
Net interest to average assets (NRFF)	Net interest income divided by average assets	3.1	3.3
Cost to income ratio	Total operating expense divided by total income (revenues)	50.9	46.3
Cost to asset ratio	Total operating expense divided by average asset	2.2	2.2
Capital to assets ratio	Total equity divided by total assets	12.9	13.0

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> Disclosure that the issuer's interim financial report is in compliance with generally accepted accounting principles 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, Philippine Accounting Standards (PAS), and interpretations approved by the Financial Reporting Standards Council (FRSC).
<ul style="list-style-type: none"> The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report: 	
<ul style="list-style-type: none"> A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change. 	<ul style="list-style-type: none"> The Bank's interim financial statements have been prepared consistent with its most recent annual financial statements as of December 31, 2020 which was in accordance with the PFRS adopted by the SEC.
<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclicity of interim operations 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period. 	<ul style="list-style-type: none"> Nothing to report

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
<ul style="list-style-type: none"> • Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Dividends paid (aggregate per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> • Nothing to report
<ul style="list-style-type: none"> • Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements). 	<ul style="list-style-type: none"> • Attached
<ul style="list-style-type: none"> • Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period 	<ul style="list-style-type: none"> • In the Annual Shareholders Meeting on April 22, 2021, shareholders representing at least two thirds of the total outstanding shares approved the merger of BPI and BPI Family Savings Bank Inc. (BFSBI), with BPI as surviving entity, subject to regulatory approvals. The merger was approved by the Board on January 20, 2021. Subsequently, the Philippine Competition Commission, in its letter dated May 25, 2021, indicated that the BPI and BFSBI merger is exempt from compulsory notification. Moreover, the PDIC, in its letter dated July 6, 2021, has also granted its consent to the proposed merger of BPI and BFSBI, subject to certain conditions. The BSP, in its letter to BPI dated October 4, 2021, indicated that the Monetary Board of BSP approved the proposed merger on September 30, 2021. The Bank will now proceed with filings with the SEC. • On June 8, 2021, BSP approved the amendment to Article Seventh of the Bank's Articles of Incorporation. The increase in the Authorized Capital stock particularly the common stock

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>from 4.9 billion to 5 billion and the corresponding amendment to the Articles of Incorporation was approved by the stockholders representing at least two-thirds of the total outstanding shares last April 22, 2021.</p>
<ul style="list-style-type: none"> The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> Changes in contingent liabilities and contingent assets are in the normal course of business and are not anticipated to cause any material losses from those commitments/contingent liabilities.
<ul style="list-style-type: none"> Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period. 	<ul style="list-style-type: none"> Nothing to report
<ul style="list-style-type: none"> Assess the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial condition and results of operation of the company, provide a discussion in the report on the qualitative and quantitative impact of such risks and include a description of any enhancement in the company's risk management policies to address the same; 	<ul style="list-style-type: none"> The Bank manages risk exposures according to three major classifications: credit, market and liquidity, and operational and IT risks. The Bank is exposed to these financial risks primarily through lending activities, trading and investment in securities, currencies, financial derivatives and structured investment products, and engaging in operating activities, infrastructure and technology to support the Bank's day-to-day business. The risks associated with these activities are closely monitored through the various key risk indicators (KRIs) and metrics, risk appetite and limits, and management triggers defined and set by the Board through its Risk Management Committee (RMC). The Chief Risk Officer of the BPI Group leads the Bank's Risk Management Office to

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>support the RMC in identifying, measuring, controlling, and reporting the Bank's financial and non-financial risks. The Bank has established risk management policies and standards ensuring that controls are generally in place and working effectively. These allow the Bank and its key subsidiaries to manage credit, market and liquidity, operational and IT risks within the RMC-approved risk appetite (BPI subsidiary Board-level RMCs in the case of key BPI subsidiaries). Dedicated and skilled risk managers, including business risk and subsidiary risk officers, fully support the Bank's three lines-of-defense (3LoD) risk organization.</p> <ul style="list-style-type: none"> • The persistent challenges observed in the global and local financial markets have resulted in more active risk management strategies in the Bank. Sensitivity analyses, forward-looking simulations and stress testing, regular risk monitoring and escalation procedures, risk MIS reporting and in-depth discussions involving business units, Senior Management, and the Board of Directors, are measures to strengthen the effectiveness of the Bank's enterprise risk management (ERM) framework. The Bank has also implemented a formal integrated risk and capital stress testing framework, with forward-looking assessment of risks to facilitate development of contingency plans and risk strategies, under given stressed scenarios crafted by the Bank's experts. Under the baseline projections, incorporating forward-looking macroeconomic assumptions and scenarios on COVID-19 impact, the Bank's capital position on both consolidated and solo bases will remain strong and well within the regulatory minimum CAR and CET1 ratios. The levels of risk limits and exposures are regularly

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>reviewed to reflect the Board's overall risk appetite and strategy.</p> <ul style="list-style-type: none"> • The Bank is able to manage overall credit risk and maintain asset quality for the period, evidenced by generally acceptable NPL ratios relative to the Bank's total loan portfolio, diversified portfolio across key industries, adequate loan loss provisioning, and general compliance to BSP guidelines and regulatory ceilings on credit risk (including single borrower's limit and related party transactions). The Bank's NPL ratio was at 2.73% as of September 2021. Credit portfolio reviews, internal and regulatory credit stress tests, and regular risk reporting to Senior Management and the RMC were conducted to ensure that the Bank practices sound credit risk management. Furthermore, starting January 2018, the Bank adopted the accounting classification and measurement under PFRS 9 guidelines. The Bank began recognizing credit losses upon initial recognition of its assets through the Expected Credit Loss (ECL) models. The Bank also complies with BSP's requirement of maintaining 1% general loan loss provisions for Stage 1 loans as prescribed by BSP 1011. In view of the COVID-19 pandemic, the Bank regularly updates its macroeconomic forecasts and uses these forecasts to update the forward-looking, point-in-time probability of default and loss rate models used in ECL calculation. • The Bank closely monitors the risk exposures of both trading and non-trading portfolios. Assets in both on- and off-balance sheet trading portfolios are marked-to-market and the resulting gains and losses are recognized through profit or loss. Market risk exposures are

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>measured using the historical simulation Value-at-Risk (VaR) models complemented by several risk metrics such as Stop Loss and DV01. For the third quarter of 2021, the Philippine Government Securities (GS)/PHP BVAL yields have gone up by an average of 22 bps across the curve from the previous quarter due to rising inflation which have a negative impact on the Bank's trading and securities/investment portfolios. The Bank's risk metrics (e.g., VaR and/or stop loss) are within the RMC-approved limits as of end of the third quarter of 2021.</p> <ul style="list-style-type: none"> • The Bank conducts regular price stress tests that measure the potential impact of adverse movements in interest rates on the Bank's trading and banking book and the corresponding impact on the Bank's CAR and CET1 ratios. The results of the third quarter 2021 price stress test on both the trading and banking book, showed that the Bank's post-shock CAR and CET1 levels are expected to be well within the minimum regulatory requirement given adverse movements in risk factors. • Interest rate risk exposures arising from core banking activities are measured through (a) Earnings-at-Risk (EaR), or the potential deterioration in net interest income over the next 12 months due to adverse movements in interest rates, and (b) Balance Sheet Value-at-Risk (BSVaR), or the impact on the economic value of the future cash flows in the banking book due to changes in interest rates. As of the third quarter of 2021, BPI Group's BSVaR and EaR levels are well within the RMC-approved limits.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<ul style="list-style-type: none"> • The Bank's liquidity profile is measured and monitored through its internal metric, the Minimum Cumulative Liquidity Gap (MCLG) supplemented by liquidity risk monitoring tools, as well as through regulatory metrics, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). MCLG measures the smallest net cumulative cash inflow (if positively gapped) or the largest net cumulative cash outflow (if negatively gapped) over the next three months. LCR promotes the short-term resilience of the Bank's liquidity risk profile and requires the Bank to hold adequate level of high-quality liquid assets (HQLA) to cover net cash outflows in the next 30 days. NSFR, on the other hand, requires the Bank to maintain a stable funding profile so as to cover its assets over a horizon of one year. Both LCR and NSFR are designed to strengthen the resilience of the Bank against liquidity shocks. As of the third quarter of 2021, BPI Group's MCLG is well within the RMC-approved minimum while actual LCR and NSFR figures exceed the prescribed minimum requirement set by the BSP. • The Bank regularly reviews its risk models to assess performance, accuracy and/or effectiveness, from which recalibration or update is conducted, as necessary. Model validation is performed by a team independent of development, guided by an established framework and standards. Independent validation reports are presented to the Bank's RMC and action items are subject to monitoring and review. Enterprise risk systems are continuously enhanced and/or upgraded in light of increasing regulatory expectations and the Bank's risk data aggregation initiatives towards

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>the completeness, accuracy, timeliness and quality of risk data, dashboards and reporting.</p> <ul style="list-style-type: none"> On the Bank's management of operational and IT risks, for the third quarter of 2021, the Bank has maintained estimated operational and IT losses related to the Bank's operating activities to less than 1% of gross income. Such minimal losses are well within the Senior Management and Board/RMC's conservative and prudent risk appetite, and are generally attributed to inherent risks in executing the Bank's day-to-day business operations. The Bank is conscientiously aware of new and emerging industry-wide risks, and duly considers these in regular risk assessments and in updating the Bank's risk strategies. Despite the challenges posed by the COVID-19 pandemic, the Bank remains operational, through the guidance of the Bank's Crisis Resiliency Committee (CRC) and the Bank's updated business continuity playbook, ensuring the health and safety of its employees and considering the alert level and/or restrictions imposed by the national government. <p>The Bank's strategic initiatives on digitalization, improvements on IT infrastructure and cybersecurity technology, and availability of business recovery sites enabled the continued delivery of the Bank's products and services to its customers.</p> <p>For personnel safety and welfare, the Bank fully complied with health and medical guidelines from the DOH and DOLE. The Bank continues to maintain lesser density in the corporate offices and fully comply with the social distancing rules through work from home arrangement and split operations using the BCP sites, newly</p>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE
	<p>established alternate work sites, and/or mobility areas. This also ensures containment in the event of infection and at the same time improve the accessibility of corporate offices to the Bank's employees. A significant number of Bank employees were also made "mobile" and were given adequate tools to allow work outside of the Bank premises.</p> <p>As additional precautionary measures, shuttles are continuously provided to employees, limiting movements of personnel within and across its business offices, and enforcing virtual meetings. COVID-19 antigen testing for employees and maintenance personnel who comes to the office are likewise being carried out.</p> <p>While additional expenses are continuously incurred due to the COVID-19 related expenses, the Bank is sufficiently capitalized and has more than adequate reserves for operational risk events.</p>
<ul style="list-style-type: none"> The significant judgments made in classifying a particular financial instrument in the fair value hierarchy. 	<ul style="list-style-type: none"> The assumptions/judgments made in the Bank's interim financial statements are consistent with the most recent annual financial statements as of December 31, 2020.
<ul style="list-style-type: none"> A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods 	<ul style="list-style-type: none"> In accordance with PFRS 9, Financial Assets at Fair Value through Profit and Loss (FVPL) are marked to market as profit and loss. As such, these are reflected in Other Income – Trading gain (loss) on securities including realized gains (losses) from opportunistic sell down of inventory.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

SEC REQUIREMENT	DISCLOSURE									
	<ul style="list-style-type: none"> Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) are marked to market against capital funds and reflected as Accumulated Other Comprehensive Income (Loss). The movements of these accounts are recognized as Other Comprehensive Income – Net Change in Fair Value Reserve for the banking books and Fair Value Reserve on investments of insurance subsidiaries. The table below summarizes the carrying amount and fair value of Financial Assets at Amortized Cost, net: <table border="1" data-bbox="824 905 1490 1073"> <thead> <tr> <th>In P Mn</th> <th>Carrying Amount</th> <th>Fair Value</th> </tr> </thead> <tbody> <tr> <td>September 30, 2021 (unaudited)</td> <td>230,231</td> <td>232,750</td> </tr> <tr> <td>Dec 31, 2020 (audited)</td> <td>244,653</td> <td>253,097</td> </tr> </tbody> </table> 	In P Mn	Carrying Amount	Fair Value	September 30, 2021 (unaudited)	230,231	232,750	Dec 31, 2020 (audited)	244,653	253,097
In P Mn	Carrying Amount	Fair Value								
September 30, 2021 (unaudited)	230,231	232,750								
Dec 31, 2020 (audited)	244,653	253,097								

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Quarter Ended September 30, 2021

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	8,739	6,844	2,692	(973)	17,302
Impairment charge	675	3,065	11	(1)	3,750
Net interest income after impairment charge	8,064	3,779	2,681	(973)	13,552
Fees and commission income	2,179	382	471	(62)	2,970
Other income	1,852	303	1,038	473	3,665
GRT	(246)	(43)	(87)	(55)	(431)
Other Income, net	3,784	642	1,422	356	6,204
Compensation and fringe benefits	3,563	575	249	281	4,668
Occupancy and equipment-related expenses	612	(124)	152	3,376	4,016
Other operating expenses	4,961	494	417	(2,164)	3,709
Total operating expenses	9,137	945	818	1,493	12,393
Operating Profit	2,711	3,477	3,285	(2,110)	7,363
Provision for Income Tax					1,643
Share in net income of associates					300
Total Assets	471,463	1,117,488	625,106	46,330	2,260,387
Total Liabilities	1,258,937	581,734	101,362	24,480	1,966,512

BANK OF THE PHILIPPINE ISLANDS
SEGMENT REPORT
For the Nine Months Ended September 30, 2021

In P Mn	CONSUMER BANKING	CORPORATE BANKING	INVESTMENT BANKING / FINANCIAL MARKETS	CORP / ELIM	TOTAL
Net interest income	27,223	20,797	5,885	(2,736)	51,168
Impairment charge	897	9,400	(45)	(1)	10,252
Net interest income after impairment charge	26,325	11,397	5,929	(2,735)	40,917
Fees and commission income	6,957	1,168	1,183	(190)	9,118
Other income	5,212	945	5,054	1,428	12,639
GRT	(787)	(134)	(261)	(121)	(1,303)
Other Income, net	11,383	1,978	5,976	1,117	20,454
Compensation and fringe benefits	10,461	1,686	764	873	13,785
Occupancy and equipment-related expenses	4,566	71	269	6,615	11,522
Other operating expenses	14,063	2,187	1,115	(6,182)	11,182
Total operating expenses	29,091	3,944	2,148	1,306	36,489
Operating Profit	8,618	9,431	9,757	(2,925)	24,881
Provision for Income Tax					7,238
Share in net income of associates					763
Total Assets	471,463	1,117,488	625,106	46,330	2,260,387
Total Liabilities	1,258,937	581,734	101,362	24,480	1,966,512

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition as of September 30, 2021 versus as of December 31, 2020

Total resources at P2.26 trillion, increased P26.94 billion, or 1.2%, as **Due from Bangko Sentral ng Pilipinas** increased P33.32 billion, or 14.9%, and **Financial Assets at Fair Value through Profit or Loss** increased P14.09 billion, or 37.9%, from excess liquidity from **Total deposits** which increased P80.79 billion, or 4.7%, partly offset by **Other Borrowed Funds** which declined P58.21 billion, or 38.3%, following maturities of bonds. Major account movements for the period were as follows:

- **Due from Other Banks** at P55.38 billion, up P15.22 billion, or 37.9%, due to the net increase in account balances with various banks;
- **Interbank loans receivable and securities purchased under agreements to resell** at P39.72 billion, up P9.47 billion, or 31.3%, due to higher volume of interbank term lending;
- **Other Resources, net** at P22.83 billion, increased P5.99 billion, or 35.5%, primarily from the increase in miscellaneous assets;
- **Assets Held for Sale, net** at P3.15 billion, up P183.41 million, or 6.2%, due to the increase in foreclosed properties;
- **Investments in subsidiaries and associates, net** at P6.73 billion, declined P776.91 million, or 10.3%, due to booking of impairment losses tempering the higher equity investments from the Bank's affiliates;
- **Deferred Income Tax Assets, net** at P15.93 billion, down P1.60 billion, or 9.1%, mainly due to the net impact of the new tax rate under the CREATE law;
- **Bank Premises, Furniture, Fixtures and Equipment, net** at P16.99 billion, down P1.84 billion, or 9.8%, on account of the lower booking of right-of-use assets under PRFS 16;
- **Cash and other cash items** at P28.55 billion, decreased P8.63 billion, or 23.2%, on account of lower cash placements as compared to year-end 2020;
- **Financial assets at amortized cost** at P230.23 billion, decreased P14.42 billion, or 5.9%, due to various maturities and sales from hold to collect debt securities.

Total liabilities at P1.97 trillion, increased P15.03 billion, or 0.8%, primarily from the P80.79 billion, or 4.7%, increase in **total deposits**, ending at P1.80 trillion. The increase is attributable to the growth in CASA deposits at P1.44 trillion, up P74.30 billion, or 5.4%, tempered by the following account movements:

- **Deferred credits and other liabilities** at P42.15 billion, decreased P3.71 billion, or 8.1%, primarily from the decrease in other liabilities;
- **Derivative financial liabilities** at P4.38 billion, declined P1.27 billion, or 22.5%, owing to decreases in certain derivative positions;
- **Liabilities attributable to insurance operations** at P13.11 billion, down P1.24 billion, or 8.6%, owing to lower reserves and other balances;
- **Accrued taxes, interest and other expenses** at P7.77 billion, down P1.14 billion, or 12.8%, due to lower accruals on interest and other expenses;
- **Due to Bangko Sentral ng Pilipinas (BSP) and other banks** at P1.32 billion, lower by P172.28 million, or 11.6%, on account of lower outstanding balance collected for other banks.

Total capital at P291.81 billion, increased P11.97 billion, or 4.3%, due to the P13.33 billion increase in **surplus**, ending at P178.84 billion. **Reserves** also up by P117.93 million, or 28.4%. **Accumulated other comprehensive loss** at P7.57 billion, increased P1.67 billion, or 28.3%, as a result of higher cumulative unrealized losses on certain financial assets at fair value through other comprehensive income.

RESULTS OF OPERATIONS

For the Quarters ended September 30, 2021 and 2020

Net income of P5.66 billion for the third quarter of 2021 was up 3.0%, largely due to lower **impairment losses** recognized at P3.75 billion, down P2.06 billion, or 35.5%.

Pre-provision operating profit at P11.11 billion, down 12.9%, on account of lower **total revenues** at P23.51 billion, down 4.5%, and modest increase in **operating expenses** at P12.39 billion, up P530.19 million, or 4.5%, from the same period last year.

Net interest income at P17.30 billion, down P666.12 million, or 3.7%, as NIM contracted 15-basis points (bps) brought about by the 46 bps decline in earning asset yields, partially tempered by the drop in cost of funds.

Interest income, net of GRT stood at P21.13 billion, down P2.54 billion, or 10.7%, on the back of the following movements in interest income on:

- **Loans and advances** at P18.24 billion, down P2.07 billion, or 10.2%, due to decline in yields despite higher average asset volume;
- **FA at FV through OCI** at P575.82 million and **deposits with BSP and other banks** at P473.13 million, both declined on account of lower yields and average asset volume;
- **FA at FV through profit or loss** at P106.66 million, up 95.7%, on account of higher average asset volume despite lower yields.

Interest expense at P3.83 billion, decreased P1.88 billion, or 32.9%, driven by the decrease in interest expense **on deposits** at P2.53 billion, down P1.91 billion, or 43.0%, on account of lower average volume and cost.

Other income, net of GRT at P6.20 billion, decreased P453.56 million, or 6.8%, mainly from **trading gain on securities** at P155.30 million, down P1.01 billion. This was partly offset by the increase in **fees and commissions** by P639.40 million, or 30.6%, primarily from higher service charges and underwriting fees. Other notable movements are:

- **Income attributable to insurance operations** at P400.83 million, down P77.14 million, or 16.1%, due to the lower income contribution of the non-life insurance affiliate;
- **Other operating income** at P2.27 billion, down P82.37 million, or 3.5%, due to decline in asset sales;

- **Income from foreign exchange trading** at P647.74 million, up P72.46 million, or 12.6%, due to favorable trading opportunities.

Other expenses at P12.39 billion, up P530.19 million, or 4.5%, with moderate increase in **compensation and fringe benefits** at P4.67 billion, up P288.59 million, or 6.6%, and **occupancy and equipment-related expenses** at P4.02 billion, up P244.40 million, or 6.5%, on account of the increase in staff benefits from recent CBA and technology-related expenses.

Provision for income tax at P1.64 billion, increased P295.69 million, or 22.0%, due to lower negative balance of **deferred income tax** at P347.42 million, down P1.22 billion from last year's P1.57 billion, impact brought about by higher loss provisioning in 2020. **Current income tax** at P1.99 billion, lower P922.83 million, or 31.7%, due to lower income subject to regular corporate income tax.

Income attributable to non-controlling interest at P62.30 million, down 43.9%, largely attributable to lower income contribution from the Bank's bancassurance affiliate.

Total comprehensive income at P5.93 billion, increased P1.36 billion, or 29.6%, due to the increase in **total other comprehensive income, net of tax effect** of P1.24 billion, or 120.8%, on the back of the following movements:

For Items that may be reclassified subsequently to profit and loss:

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P91.94 million loss, decreased P474.29 million, or 83.8%, on account of lower market valuation loss of the Bank's investment securities;
- **Currency translation differences** at P327.16 million, up P379.94 million, on account of the net effect from cash flow hedging;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P52.47 million loss, decreased P31.50 million, or 37.5%, as a result of lower market valuation loss of the insurance subsidiaries' investment funds;
- **Share in other comprehensive loss of associates** at P176.59 million, increased P49.02 million, on account of the lower valuation of the life insurance affiliate's investment securities;

For Items that will not be reclassified to profit and loss:

- **Share in other comprehensive income of associates** at P207.06 million, up P409.74 million, or 202.2%, on higher valuation of the bancassurance affiliate's investments relative to the same period last year;
- **Actuarial gains on defined benefit plan, net of tax effect** at P0.50 million, decreased P4.62 million, on account of the flat movement on valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund.

Income attributable to non-controlling interest at P48.58 million, decreased P27.56 million, or 36.2%, on account of lower income contribution from the rental and leasing business.

For the Nine Months ended September 30, 2021 and 2020

Net income at P17.47 billion, increased 1.8%, from the same period last year, due to lower impairment losses at P10.25 billion, down P10.22 billion, or 49.9%. Pre-provision operating profit at P35.13 billion, down P5.83 billion, or 14.2%, due to lower **total revenues** at P71.62 billion, down P4.59 billion, or 6.0%, and slightly higher **operating expenses** at P36.49 billion, up P1.24 billion, or 3.5%.

Net interest income at P51.17 billion, decreased P3.05 billion, or 5.6%, as NIM contracted 21 bps on account of the 73 bps contraction in asset yields.

Interest income, net of GRT stood at P62.60 billion, down P11.14 billion, or 15.1%, on the back of the overall decreases in interest income on:

- **Loans and advances** at P53.84 billion, down P9.44 billion, or 14.9%, and **FA at amortized cost** at P5.41 billion, down 15.3%, on account of the decline in yields and average asset volume;
- **FA at FV through OCI** at P1.86 billion, down P561.98 million, or 23.2%, on account of lower yields despite higher average asset volume;
- **Deposits with BSP and other banks** at P1.26 billion, down P193.50 million, or 13.3%, on account of lower yields and average asset volume;
- **FA at FV through profit or loss** at P237.74 million, up 10.0%, on account of higher average asset volume despite lower yields.

Interest expense at P11.44 billion, decreased P8.10 billion, or 41.5%, driven by the decrease in interest expense **on deposits** at P7.49 billion, down P8.34 billion, or 52.7%, partly offset by the increase in **bills payable and other borrowings** at P3.94 billion, up P242.25 million, or 6.5%.

Other income, net of GRT at P20.45 billion, declined P1.54 billion, or 7.0%, lower than the P21.99 billion earned in the same period last year, mainly from **trading gain on securities** at P1.76 billion, down P5.05 billion, or 74.2%. Cushioned by the increase in **fees and commissions** of P2.30 billion, up 37.3%, due to the increase in transaction-based service charges. Other notable account movements are as follows:

- **Income from foreign exchange trading** at P1.56 billion, down P94.03 million, or 5.7%, on account of unfavorable trading opportunities;
- **Other operating income** at P7.39 billion, up P1.21 billion, or 19.5%, due to the increase in miscellaneous income and higher income from the trust business;
- **Income attributable to insurance operations** at P1.30 billion, up P100.18 million, or 8.4%, due to higher income contribution of the bancassurance affiliates.

Other expenses at P36.49 billion, increased P1.24 billion, or 3.5%, due to **occupancy and equipment-related expenses** at P11.52 billion, up P1.06 billion, or 10.1%, mainly driven by investments in technology.

Provision for income tax at P7.24 billion, increased P4.13 billion, or 132.8%, due to higher **deferred income tax** at P1.36 billion, up P6.75 billion, or 125.2%, partially tempered by the decrease in **current income tax** at P5.88 billion, lower by P2.62 billion, or 30.8%. Impact brought about by the adjustment on deferred income tax and reduced new income tax rate with the implementation of CREATE law.

Income attributable to non-controlling interest at P168.49 million, down P39.93 million, or 19.2%, attributable to lower income contribution from the Bank's bancassurance affiliate.

Total comprehensive income at P15.94 billion, decreased P1.93 billion, or 10.8%, due to the decrease in **total other comprehensive loss, net of tax effect** of P2.19 billion, or 451.5%, on the back of the following movements:

For Items that may be reclassified subsequently to profit and loss:

- **Net change in fair value reserve on FVOCI securities, net of tax effect** at P1.39 billion loss, from a gain of P1.24 billion a year ago, on account of negative market valuation of the Bank's investment securities;
- **Share in other comprehensive income of associates** at P650.32 million loss, from gain of P416.94 million a year ago, on lower valuation of the bancassurance affiliate's investments relative to last year;
- **Fair value reserve on investments of insurance subsidiaries, net of tax effect** at P122.04 million loss, from a gain of P195.63 million a year ago, as a result of lower market valuation of the insurance subsidiaries' investment funds;
- **Currency translation differences** was favorable at P593.52 million, up P923.76 million, on account of the net effect of cash flow hedging and strengthening of the Euro Currency.

For Items that will not be reclassified to profit and loss:

- **Actuarial losses on defined benefit plan, net of tax effect** at P422.72 million, increased P423.11 million, due to the change in valuation of the Bank's consolidated subsidiaries' contribution to the retirement fund;
- **Share in other comprehensive income of associates** at P284.50 million, up P1.32 billion, on account of the higher valuation of the life insurance affiliate's investment securities.

Income attributable to non-controlling interest at P130.40 million, decreased P144.63 million, or 52.6%, on account of lower income contribution from the Bank's bancassurance affiliate.

Key Performance Indicators

The following ratios, applied on a consolidated basis, are used to assess the performance of the Bank and its majority owned subsidiaries:

	September 30, 2020	September 30, 2021
Return on Equity (%)	8.32	8.25
Return on Assets (%)	1.05	1.07
Net Interest Margin (%)	3.51	3.31
Operating Efficiency Ratio (%)	46.25	50.95
Capital Adequacy Ratio (%) – Basel III	17.72	17.64

Return on equity (ROE), the ratio of net income to average equity, was at 8.25%, lower compared to last year's 8.32%, as the expansion in average equity outpaced the growth in net income.

Return on assets (ROA), the ratio of net income to average assets, was higher at 1.07%, compared to last year's 1.05%, due to the increase in net income of 1.8% compared to the expansion in average asset base of 0.2%.

Net interest margin (NIM), net interest income divided by average interest bearing assets, at 3.31% was lower by 21 basis points than the 3.51% in 2020, due to decline in asset yields, partly tempered by the drop in cost of funds.

Operating efficiency (cost to income) ratio, the ratio of operating expenses to income, increased to 50.95% from 46.25% in the same period last year, as revenues declined and operating expenses slightly increased.

Capital adequacy ratio (CAR), the ratio of total qualifying capital to total risk-weighted assets, was at 17.64%, lower versus the prior year's 17.72%, as the growth in risk-weighted assets outpaced the growth in qualifying capital. The CET 1 ratio at 16.76%, was also lower than the 16.84% from the same period last year. Both of the Bank's capital ratios are above the BSP's minimum requirement.

Material Events and Uncertainties

Other than the disclosures enumerated above, the Bank has nothing to report on the following:

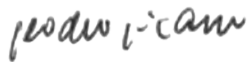
1. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
2. Any events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.
3. Other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditures.
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. Any significant elements of income or loss that did not arise from the Bank's continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

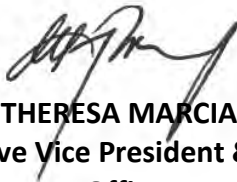
BANK OF THE PHILIPPINE ISLANDS

Issuer



JOSE TEODORO K. LIMCAOCO
President &
Chief Executive Officer

Date: November 11, 2021



MARIA THERESA MARCIAL JAVIER
Executive Vice President &
Chief Finance Officer

Date: November 11, 2021

BPI UNIBANK
CONSOLIDATED AGING OF ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2021

No. of Days Outstanding	Amount (In Thousands)
0-90	P 1,143,816
91-180	575,702
181-360	252,024
Over 360	604,729
Total	2,576,271
Less : Allow. For Probable Losses	881,952
Net of Allowance	P 1,694,319